

Message Text

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PAGE 01 BUCAR 00191 161120Z

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 PM-03 MC-01 XMB-02 TRSE-00

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AMEMBASSY LONDON

LIMITED OFFICIAL USE BUCHAREST 0191

E.O. 11652: N/A

TAGS: ETRD, EAIR, RO

SUBJ: CIVAIR-SALE OF MEDIUM RANGE JETS TO ROMANIA

REF: BUCH 5901

STATE PASS EXIMBANK FOR WIGG

1. BOEING AND MCDONNELL-DOUGLAS REPS HAVE MET WITH ROMANIAN AVIATION AND FOREIGN TRADE OFFICIALS SINCE BEING ADVISED BY EMBASSY THAT AIRCRAFT DEAL WAS TILTING TOWARD BRITISH AIRCRAFT CORPORATION (REFTEL). NEITHER US COMPANY HAS ABANDONED CONTEST BUT BOTH ADMIT BAC PROPOSAL WILL BE EXTREMELY DIFFICULT TO TOP. A HIGH ROMANIAN FOREIGN TRADE OFFICIAL TOLD ONE AIRCRAFT REP THAT ROMANIANS HAD ALREADY PLACED DEPOSIT ON BRITISH AIRCRAFT, BUT EMBASSY IS CONTINUING TO GIVE FULL SUPPORT TO US AIRCRAFT COMPANY REPS IN ATTEMPT TO CHANGE DECISION.

2. FOLLOWING ACCOUNT OF BAC OFFER PIECED TOGETHER FROM VARIOUS SOURCES: TAROM WILL PURCHASE FIVE BAC-111-500 AIRCRAFT, WITH DELIVERY TO BEGIN IN EARLY 1976. BAC WILL PROVIDE TWO OR THREE AIRCRAFT IN THE INTERIM AND HAS PUT TOGETHER VERY LIMITED OFFICIAL USE
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ATTRACTIVE FINANCING PACKAGE: SEVEN PERCENT INTEREST, 10-YEAR TERM, 90 PERCENT COVERAGE. DIFFERENCE IN CREDIT TERMS ALONE MAKES

BAC

OFFER DIFFICULT TO MATCH. OTHER IMPORTANT ADVANTAGE IS EXTENSIVE
OFFSET-PURCHASE PACKAGE, DESIGNED TO SATISFY ROMANIAN DESIRE
TO REBUILD DOMESTIC AIRCRAFT INDUSTRY. PACKAGE INCLUDES
MANUFACTURE IN ROMANIA OF SPARE PARTS FOR BAC-111'S, PRODUCTION
AGREEMENT WITH ROLLS ROYCE, CONTINUATION OR EXPANSION OF BRITTEN-
NORMAN ISLANDER PROGRAM, AN ADDITIONAL AIRCRAFT MANUFACTURING
PROGRAM WITH SCOTTISH OR IRISH PRODUCER, AND SALE OF ROMANIAN
GLIDERS IN BRITAIN. PARTIES AIMING TO SIGN DEFINITIVE CONTRACT
IN TWO MONTHS.

BARNES

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Message Attributes

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